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SUBJECT: SCENESETTER FOR ADMIRAL MULLEN'S VISIT TO OMAN (JULY 18)

DERIVED FROM: Derived from previous message.

SUMMARY

¶1. (C) Embassy Muscat warmly welcomes you to Oman for your visit. You have a brief meeting with the Chief of Staff of the Sultan's Armed Forces (COSSAF), H.E. Lt. Gen. (Fareeq in Arabic) Ahmed bin Harith al Nabhani, which is primarily a courtesy call. Nabhani is unlikely to broach significant issues during the meeting, however, he generally talks about the Middle East Peace Process and may also discuss military hardware acquisition decisions and U.S. use of Omani bases and facilities. COSSAF will likely be interested in your views of progress in Iraq and Afghanistan and has increasing concerns over instability in Yemen and seams from which Al Qaida in Yemen can operate. END SUMMARY.

A SOLID AND STRATEGIC ALLY

¶2. (C) One of our oldest and most dependable friends in the region, Oman remains a valued ally. The Sultanate also continues to be of critical geo-strategic importance to the U.S. Directly on the Strait of Hormuz and only 18 miles from Iran at its closest point, Oman presides over all the shipping lanes in this vital chokepoint, through which pass nearly half the world's exported oil and all U.S. naval vessels transiting the Gulf. Oman's location on the eastern end of the Arabian Peninsula makes it an optimal platform for the projection of U.S. military power from the Horn of Africa to South Asia. Given Oman's proximity to the Gulf of Aden and the Somali coast, Omani facilities are also well-positioned for possible use to assist international anti-piracy efforts.

¶3. (C) Under the direction of Sultan Qaboos, Oman made a strategic decision in 1980 to align itself with the United States by entering into the U.S.-Oman Base Access Agreement (BAA). When originally signed, the BAA was unprecedented and highly criticized in the region, but demonstrated Oman's resolve to look to the U.S. to help guarantee its security. Since then, the U.S. has used the BAA to great advantage for Desert Storm, OEF, OIF and other operations. U.S. security and military cooperation with the Sultanate remains strong through regular dialogue, bilateral military exercises, equipment provision and training programs. Oman has supported virtually all access, basing and over-flight requests we have made. The Sultanate continues, however, to strive to keep most aspects of its security and military relationship with the U.S. out of the public eye.

¶4. (S/NF) Despite its strength, there is room for improvement in the U.S.-Oman security and military relationship. Military intelligence sharing remains very limited. The provision of new electronic intelligence (ELINT) equipment to Oman should help to advance this area of cooperation. The Omani government does not currently allow visits by nuclear-powered warships; the Ministry of Foreign Affairs rejected a request for an exception to this policy in 2008 to allow a nuclear-powered submarine to make a port call.

¶5. (C) The U.S. enjoys a multi-faceted and similarly strong relationship with Oman outside the security and military arenas. The entry into force on January 1, 2009, of the landmark U.S.-Oman Free Trade Agreement promises to substantially boost trade and economic ties, while U.S. and Omani officials continue to consult closely on a variety of regional and bilateral issues.

BASE ACCESS AGREEMENT

¶6. (C) The BAA is still a cornerstone of our bilateral relationship with Oman. Up for renewal in 2010, we need to set the stage for a strong push to expand its scope in negotiations to include the growing Port of Sohar in northern Oman, a new port, drydock facility and airport in Duqm, and the new al-Musanah airbase. U.S. AFCENT hopes to build a new War Reserve Material (WRM) site at al-Musanah to help compensate for the phased closure of military facilities at Muscat International Airport (MIA) by June 2010. [Note: Currently, AFCENT maintains three WRM sites in Oman, which house almost USD 10 billion in weapons, equipment and supplies to support U.S. military operations in the Middle East and South Asia. End Note.]

MASIRAH ISLAND - TRANSLOAD POTENTIAL

¶7. (S/NF) Masirah Island was considered as an alternative to Manas for personnel and cargo transload mission in support of U.S., Allied and coalition military operations in Afghanistan. A site survey was done in May to conduct an assessment of the location and it was determined that al-Masirah was well suited to support this operation. Subsequently, the USG reached an agreement with the government of Kyrgyzstan to continue the use of Manas for at least one more year. However, CENTCOM wants to diversify its support

locations in the region and continues to consider the Masirah option as part of its long range planning.

¶8. (S/NF) Oman appeared to consider the al-Masirah option favorably, though the U.S. did not press for final approval that would come from Sultan Qaboos. In the process of reviewing the option, Oman was requesting upgrades to facilities that have dual use for the base and civilian population. All requests seemed reasonable since the operation would more than double the size of the mission at the base and cause a strain on Oman's resources that support the community. An integral part of the intended mission would be Allied and coalition forces transiting al-Masirah. The GoO expressed hesitation about accepting the transient presence of non-U.S. forces at al-Masirah; in the event, high-level USG engagement would likely be required to overcome it.

¶9. (S/NF) At al-Masirah, DoD would require a permanent party of approximately 900 personnel. DoD may transload up to 1000 personnel per day and would require the ability to beddown about 2,000 personnel per day and up to 3,000 in a surge. DoD would expect to fly 4 C-130s and 2 wide-body aircraft (C-17 and larger) in support of operations in Afghanistan out of al-Masirah, and Spain would like to maintain 2 C-130s and approximately 65 personnel there. These aircraft would conduct 24-hour operations (4-6 U.S. C-130 sorties daily and 2-3 U.S. resupply/other sorties daily). These operations are expected to require 100k gallons/day of fuel.

DESC FUELS PROJECT

¶10. (C) There is a CENTCOM-validated, NAVCENT-approved plan to shift Defense Energy Support Center (DESC) inter and intra-theater fuel stores to the Port of Salalah (or perhaps Duqm), which will constitute 19% of NAVCENT war reserve stock. The proposed project will not increase the size of the port, but would add infrastructure to the existing bulk fuel storage facility. Current British Petroleum storage capacity in Salalah appears to be approximately 715 thousand barrels (Mbbls). NAVCENT would accordingly require construction of at least 535 Mbbls of storage capacity to meet its 1,250 Mbbls target. Additionally, the existing risers at the port are not capable of refueling Combat Logistics Force (CLF) vessels so that pipeline and loading arm construction or modification would likely be required. NAVCENT does not need dedicated pier space, but rather priority scheduling for space when requested in advance. A rough estimate for all construction costs

is approximately \$20 million for five 100 Mbbls tanks, a loading arm and other infrastructure. DESC will need coordination assistance and permission from the Omani government to solicit competitive proposals for the construction as well as for future sustainment support.

FMF AND DEFENSE EQUIPMENT SALES

¶11. (C) From a high of USD 24.85 million in FY 04, the FY 08 Foreign Military Financing (FMF) budget request for Oman was reduced to USD 4.7 million. Low levels of U.S. FMF poses a challenge for the modernization of Oman's military, as well as for the future of U.S. weapons sales to Oman. The projected upward trend in FMF for FY 09 and beyond is a step in the right direction, but more assistance is needed to help achieve U.S. security goals here. IMET funding has not experienced a decline and continues to play an important role in building relationships with rising Omani officers, who tend to be among the most consistently professional in the Gulf region.

¶12. (C/NF) Oman is weighing the purchase of Eurofighter Typhoon and/or second squadron of F-16 aircraft to replace one or both of its two squadrons of its aging Jaguar fighters. [Note: Delivery of Oman's current squadron of 12 Block 50 F-16s was completed in 2008; delivery of AIDEWS for these plans, however, remains delayed, but is slated for partial delivery in 2010, with full capacity in 2012. End Note.]

¶13. (S) In December 2007, Royal Air Force of Oman requested replacement of an aging ELINT system provided by the U.S. Navy. Oman uses the system to monitor the Gulf of Oman and Persian Gulf, as well as to gather data on Iran. USCENTCOM and DIA support the program, but funding is not currently available.

¶14. (S/NF) Omani leaders remain persuaded that Iran would not attack GCC countries with missiles in response to a military strike staged in the Gulf. They see asymmetrical, terrorist operations conducted by Iran against Gulf states, including U.S. targets in these countries, as a greater danger. Consequently, the Omanis have little appetite for high price-tag Patriot missiles, but are

interested in Shared Early Warning (SEW) and seek to modernize their capability - both defensive and deterrent - to help counter what they view as more likely threats. Until recently, they appeared to favor multi-purpose military hardware, such as HIMARS/ATACMS which is capable of long range fire support and counter-launch site (counter-battery) fire, to help deter conventional and asymmetrical threats. However, recent correspondence from the Royal Army of Oman indicated that currently HIMARS / ATACMS / MLRS purchases were constrained by cost. The Omanis requested pricing and availability on ground based air defense missile system which would incorporate their existing AMRAAM missiles, and Sentinel Radar as the preferred target detection equipment for this system. In concert these two systems would provide a much less costly integrated system for protecting Oman from cruise missile or aircraft attacks. Concerned by instability and terrorism in neighboring Yemen, Oman also sees FMF as an integral part of its border enforcement efforts. The Sultanate does not appear eager to integrate its defense plans and weapons systems with those of the other Gulf states, which are viewed as less professional militarily, as this might limit its policy independence.

DIFFERING VIEWS ON IRAN

¶15. (C) One important subject on which Oman differs from other GCC countries is the threat posed by Iran, although the Omani position is clouded by contrasting views held by civilian officials and leaders in the military and security services. This divergence from regional thinking ultimately affects our bilateral coordination on some security matters. Free of boundary disputes or other contentious issues, Oman enjoys the best working relations with Iran of any GCC state and is careful not to antagonize its neighbor to the north. Senior officials of both countries conduct reciprocal visits and the Omani police and military maintain open channels of communication with their Iranian counterparts on matters of joint concern, such as the smuggling of illegal migrant workers and

drugs. Iranians and Omanis invite one another to observe each other's military exercises; Iranian naval vessels have been allowed to make port calls in Muscat.

¶16. (C) While keen to maintain amicable relations with Tehran, Oman has traditionally maintained a comfortable distance from its Persian neighbor. Apart from a few subjects, meaningful bilateral cooperation has been scant while economic and commercial ties are limited. Sharing U.S. concerns about Iran's troublesome behavior, Omani officials have used their access to the Iranian leadership to encourage a more cooperative approach with the P5 plus 1 on Tehran's nuclear program and to warn against meddling in the affairs of other countries in the region. There are indications, however, that both Oman and Iran are trying to strengthen their bilateral relationship. Iran is pushing to increase tourism, trade and investment with Oman, as well as the level of mil-mil cooperation. The Omani government has responded positively, albeit cautiously, to some of these overtures, although there are no reports of increased engagement on military matters. One factor in Oman's evolving approach towards Iran is natural gas. Oman urgently needs large quantities of gas to fuel its ambitious industrial development plans but its outreach to Saudi Arabia and Qatar for new gas supplies has been rebuffed. The Omanis, similar to their Bahraini brethren, thus see Iran as the only realistic source and are accordingly in protracted talks with Tehran on potentially investing billions of dollars in a project to develop Iran's nearby Kish gas field.

¶17. (C) Perhaps reflecting a desire to not provoke Tehran, senior Omanis repeatedly assert that sanctions against Iran regime will only strengthen hard-line attitudes in Tehran and instead support President Obama's offer to initiate direct talks with the Iranian leadership without preconditions. More recently, senior officials have voiced approval of the U.S. administration's overtures to Iran and our willingness to open a dialog. Omani officials verbally deny that Iran poses a direct threat to the Sultanate's national interests. Leaders in Oman's military and security services, however, including the Sultan's top security official and advisor, take a more pragmatic view about the dangers posed by Iran than their civilian counterparts, who are most apt to downplay Iran's destabilizing activities and bellicose statements. Moreover, Oman's defense posture, including its staging of equipment (e.g., the basing of fighter aircraft in Thumrait, away from the threat of an Iranian strike) and acquisition of new military hardware shows that it clearly recognizes the risk that Iran poses to regional stability.

OMANI SECURITY CONCERNS

¶18. (C) Oman's long coastline and relatively open borders in some inland areas remain vulnerable to smugglers, drug traffickers, and terrorists. Border control accordingly continues to be one of Oman's top priorities and a major area for bilateral cooperation with the U.S. The Royal Oman Police Coast Guard regularly detains smugglers and illegal migrant workers, usually along Oman's northern coast between Muscat and Sohar. Most of the migrant workers cross overland from South Asia to Iran where they then board ships bound for the Sultanate; many of them seek to only transit Oman in their search for jobs in the UAE. More Somalis are allegedly attempting to enter Oman via Yemen. Oman is currently negotiating an anti-smuggling "security agreement" with Iran to counter the northern smuggling threat.

PAKISTAN

¶19. (C) Oman has a good relationship and strong historical ties with Pakistan. Over 20 percent of Omanis are of Baluchi origin from Pakistan's Baluchistan province. Most Baluchi families settled in Oman over 100 years ago. Gwadar, located on the southwestern coast of Pakistan, a traditional Baluchi enclave, fell under Omani rule until it was transferred to Pakistan in 1958. A significant number of Pakistani laborers reside in Oman, but historically, illegal immigration from Pakistan has been a source of concern for the Sultanate. Recent regional media reports revealed that a Muscat entrepreneur had ties to Lashkar-e-Taiba and the Mumbai terror attacks.

¶20. (C) High level Omani officials have told us that victory by

Pakistani forces over factions in tribal areas was patently "unachievable;" the best the Pakistani government could hope for was some modus vivendi in which tribal groups were granted a form of autonomy in exchange for closer security cooperation and a pledge to keep terrorists and other extremists out. Posing further challenges, in Oman's view, is the lack of confidence in Pakistani President Zardari (especially by the military), worries over the ruling party's ability to stay in control, a looming economic crisis and consequent fear of another army take-over.

¶21. (C) While Oman is growing increasingly concerned over instability in Pakistan, it is steadfast in noting that Pakistan must take the bulk of responsibility for its humanitarian crisis. Nevertheless, according to the Ministry of Foreign Affairs (MFA), Oman has provided "millions of dollars" for humanitarian assistance projects in Pakistan, particularly for reconstruction efforts in Baluchistan following the devastating earthquake there in 2008. Although Oman's project assistance may be rather modest in GCC terms (Its oil reserves are limited, and expensive to extract and refine.), it is quite substantive in terms of Omani capacity. In June, Oman announced a contribution of \$12 million to address the IDP crisis in Pakistan.

AFGHANISTAN

¶22. (C) The Foreign Minister (FM) has characterized the situation in Afghanistan as "the real problem" for the region. He believes that a gradual increase in the size of U.S. forces in Afghanistan would give the Taliban and Al Qaeda elements "time to adapt" and has accordingly recommended a quick deployment of all necessary troops. He has also stressed that the U.S. needs to vigorously address economic and social issues in Afghanistan so as to win the support of Afghan tribes and convince them to build a coalition to combat the Taliban and Al Qaeda. The FM has stated that he is "losing confidence" in President Karzai for failing to clamp down on rampant corruption and for not doing enough to unite factional groups.

¶23. (C) While concerned about Afghanistan, Oman does not see itself as having important national interests there and has politely declined our requests to help fund the expansion of the Afghan National Army. The MFA asserts that Oman has discretely funded about a dozen assistance projects in Afghanistan; including \$7 million to build schools and provide other aid.

YEMEN

¶24. (C) Sources close to the Sultan and actions of Senior Omani officials indicate the Omanis are greatly concerned about its southern neighbor and doing what it can to bolster the prospects of Yemeni leadership. Oman recently withdrew the citizenship of Yemeni separatist Ali Salim al Baidh, citing violation of Omani law. The same weekend, bin Alawi mentioned Yemen in his interview with the Arabic daily 'Al Watan' and confirmed Oman's support for the unity and leadership of Yemen and acknowledging that President Salih and the General People's Congress were doing their "best to continue dialogue." Bin Alawi remarked that Yemen's problems must be dealt with internally and Oman will not interfere.

¶25. (C) Oman invests heavily in Yemen to stabilize its southern border, not only on security but also in terms of humanitarian and commercial engagement. Oman would be sorely tested by the affects of severe instability and prolonged tensions are bound to make it more difficult to attract much needed foreign investment and tourism.

PIRACY

¶26. (C) Since Oman's most southern port, Salalah, is the first stop after the Gulf of Aden and a "port of refuge," Oman actively monitors efforts to combat piracy and participates in anti-piracy meetings. However, we would like Oman to play a more active role in coordinating and supporting private security efforts of U.S. flagged vessels. On June 10, there was an unsuccessful piracy attack on the MV Gokan in international waters off the coast of Duqm. This was followed up on June 12 by the successful capture of the MV Charelle, an Antigua and Barbuda flagged and New

Zealand-owned cargo ship, in Oman's territorial waters near the tip of the Arabian Peninsula, SW of Ras al Hadd. The vessel has been taken to Somalia.

MIDDLE EAST PEACE

¶27. (C) Oman has long supported, albeit quietly, efforts to peacefully resolve the Israeli-Palestinian conflict through the establishment of an independent Palestinian state. Reflecting its independent foreign policy, Oman was one of only two Arab states (the other being Sudan) to refuse to break relations with Egypt following the 1978 Camp David accords. The two most senior Omani diplomats, Foreign Minister Yusef bin Alawi and MFA Secretary General Sayyid Badr al-Busaidi, periodically talk with officials from both sides, including face-to-face meetings with former Israeli Foreign Minister Livni. Israeli diplomats make discrete visits to Muscat. Oman continues to host and chair the Middle East Desalination Research Center (MEDRC), originally established as part of the multilateral track of the peace process in the mid-nineties. Representatives and experts from Israel and Arab countries, in addition to other donor nations, participate in MEDRC-sponsored activities and attend the annual MEDRC Board meeting in Muscat.

¶28. (C) The Omani government is not optimistic on the prospects for achieving a comprehensive peace agreement in the near future. Omani officials blame Israel for continuing settlement expansion and failing to offer meaningful concessions, but recognize that Palestinian political disunity is also at fault for the lack of progress. The U.S. is criticized to a lesser degree for not applying sufficient pressure on Israel to soften its negotiating stance. While encouraged by the Obama administration's early and high-profile attention to the peace process, Oman is worried that the new Israeli government led by Prime Minister Netanyahu may lead to backwards movement in peace talks. Local reaction to Israel's military operations in Gaza in late 2008 was unexpectedly strong; numerous demonstrations (all non-violent) were held throughout Oman.

HURTADO